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NOFORN
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NSC: DON CAMP AND ANISH GOEL

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SUBJECT: SCENESETTER FOR INDIA VISIT OF NATIONAL SECURITY
ADVISOR JONES

Classified By: Charge d'Affaires, a.i., Peter Burleigh for Reasons 1.4
(B, D)

¶1. (SBU) General Jones: Embassy New Delhi warmly welcomes you to India. Your visit comes on the heels of Under Secretary Burns' successful trip to India and in the run-up to a July visit by Secretary Clinton. You will be coming at a time when U.S. officials can engage with a new, strong Indian government freed from the constraints of anti-American coalition partners or a precarious political position, with a commitment to elevate the relationship. This is truly an opportune moment in our bilateral history with this Asian giant/strategic partner. Following the formation of new governments in Washington and New Delhi, it will mark the beginning of new era of engagement and discourse, ripe with potential, between the oldest and largest democracies in the world. Of course, the relationship is far from perfect, and there still remains a noticeable undercurrent of public skepticism regarding U.S. intentions in South Asia and India.

However, as the senior most official of the Obama Administration to visit India and meet with the new Indian government thus far, your visit provides an opportunity to set a positive tone and further build on the groundwork established by Under Secretary Burns' recent visit, to take our partnership to the next level.

Elections: Congress Party Returns with Renewed Strength

¶2. (SBU) The surprisingly strong performance by the Congress Party and its United Progressive Alliance allies in India's national election has returned Prime Minister Manmohan Singh to office and provided the Congress Party with a mandate to govern, after years of battling communists and regional coalition "partners" over both domestic and foreign policy issues, including a closer relationship with the United States. This has allowed the Prime Minister to assemble what some in the media have referred to as "Manmohan's dream team" in his cabinet, including the addition of the new External Affairs Minister, S.M. Krishna. Krishna is the first Indian foreign minister to have received a degree from a U.S. university (Southern Methodist University, along with a Fulbright term at George Washington University). In his first press interaction, he promised to consolidate India's

partnership with the U.S., along with other major powers like Russia, China, Japan, and the EU. With the UPA's victory and the return to the cabinet of key players such as MK Narayanan as National Security Advisor, Pranab Mukherjee as Finance Minister, P. Chidambaram as Home Minister, and AK Antony as Defense Minister, we anticipate stability in our bilateral relationship and a continuation of the positive trajectory that has marked our ties for the past decade.

Burgeoning Global Power in an Unstable Region

13. (SBU) Although the Congress Party's overwhelming victory in the elections convinced some pundits that the GOI was set to move quickly and boldly on its foreign policy agenda, serious challenges which predate the election remain as sobering reminders of how far India has to go to reach its stated goal of becoming a global player. One thing that seems to never change is India's preoccupation with Pakistan, and the Indians are following very closely how Islamabad prosecutes the perpetrators of the Mumbai terrorist attacks and acts (or doesn't act) against Lashkar-e-Taiba. A silver lining to the Mumbai attacks was the subsequent unprecedented law enforcement cooperation between the U.S. and India on the investigation. Senior Indian officials have warned us not to trust Pakistan's intentions in pursuing the Mumbai terror networks. Pakistan's release of JuD Chief Hafiz Saeed has only added to their suspicion. India has responded to every Pakistani request for further evidence, fully cognizant of how it is in India's interest not to appear to balk at such

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requests, but Foreign Minister Krishna made it clear in his first days in office that India's policy remains that it will not return to a formal Composite Dialogue with Pakistan until Mumbai terrorists are prosecuted.

14. (SBU) This focus on Pakistan's efforts or lack thereof against terrorists targeting India was reaffirmed during PM Singh's June 16 one-on-one meeting with Pakistani President Asif Zardari on the margins of the Shanghai Cooperation Organization summit in Russia. PM Singh opened by asserting in the presence of the media that "the territory of Pakistan must not be used for terrorism" against India. India's major newspapers praised the meeting, commending the PM's decision to engage Zardari while maintaining a tough stance toward Pakistan. Singh and Zardari directed their respective Foreign Secretaries to convene in the next few weeks, and the two leaders agreed to meet again in July in Sharm-El-Sheikh on the sidelines of the Non-Aligned Movement summit. Although some Pakistani officials characterized the meeting in Russia as the resumption of the five-year-old formal dialogue with Pakistan, Foreign Secretary Menon dismissed suggestions that India gave in to pressure to start talks despite the lack of concrete action against the perpetrators of the Mumbai attacks, by stressing that there were no plans to resume the Composite Dialogue process anytime soon.

15. (C) Despite early concerns, the GOI now appreciates Special Representative Holbrooke's active outreach to India on Afghanistan-Pakistan policy, and has agreed to contribute more toward Afghan reconstruction. GOI officials will be very interested in your thoughts after having visited Afghanistan and Pakistan. However, despite our reassurances, hypersensitivity remains in the general Indian public over the question of whether the U.S. intends to interfere in Kashmir and/or sacrifice Indian security interests to U.S. objectives in Afghanistan. Indian officials emphatically reject suggestions of a link between the problems on the Afghanistan-Pakistan border region and the India-Pakistan relationship, especially the dispute over Kashmir. Elsewhere in the region, the U.S. and India generally share similar goals for stability and democratic governance in places such as Nepal, Bangladesh, and Sri Lanka, and have coordinated better than in the past. Burma and Iran remain exceptions

largely because India's proximity, historical ties, and economic interests leave it with a policy perspective that more often than not diverges from ours. On the global stage, we have heard Indian strategic thinkers tell us their goal is for India to become "a regional power and global player." The ambition at the top echelons of the government is readily apparent, as India ardently pursues a permanent UNSC seat, proudly takes a seat at the G-20 table, actively engages in multilateral fora like the East Asia Summit and Brazil-Russia-India-China (BRIC) Summit, modernizes its military, and begins to seek greater security responsibilities such as anti-piracy operations off Somalia.

¶6. (SBU) Still, the weight of domestic poverty coupled with, as one senior GOI official admitted to us, a dearth of capacity in the bureaucracy, has meant that capability has not been able to match growing ambition, and by all appearances won't for the next several years. (Note: While India's poverty level has fallen in the past decade along with a rapidly growing economy, over 800 million Indians continue to subsist on less than two U.S. dollars a day. End Note.) The good news for U.S. interests is that the same senior officials who have a vision for India's ascendancy generally recognize that healthy relations with the United States are essential for India to get to where it wants to be. The Congress Party attributes a large part of its electoral success to the close attention it paid to the rural sector of the economy. Over the past year, the UPA has implemented a number of costly subsidy, debt waiver, and rural income support programs that, along with good monsoons, have led to relatively strong rural and agricultural growth. Despite the anticipation of some "big bang" economic reforms, the more likely approach by the new government is gradual

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reform with a close watch at each step on the political and social effects of policy changes. The watchword, emphasized by Finance Minister Mukherjee, will be rapid, "inclusive growth" with spending and investment on infrastructure and an expanding social safety net.

Growing Defense Relationship

¶7. (S/NF) The defense relationship is on a strong growth curve despite a variety of frustrations. While the Indian uniformed leadership of all three Services, and in particular the Indian Navy, appreciate their improving ties with the United States military, civilian bureaucrats in the Ministries of External Affairs and Defense continue to complicate attempts to improve the nascent strategic partnership through bureaucratic inertia and recalcitrance. Despite these frustrations, military-to-military contacts continue to be a strong foundation of our strategic partnership. We conducted the largest ground-forces/counterterrorism centric combined exercise to date in February 2009, implemented an Improvised Explosive Devices/Bomb disposal Subject Matter Expert Exchange (SMEE) event in January 2009, and held a China-threat SMEE in April ¶2009. India has already hosted visits from the Chairman of the Joint Chiefs of Staff, the Commander of United States Pacific Command, and the Commandant of the United States Coast Guard this year. We continue to seek opportunities for capacity-building, greater access and improved partnering through more-focused combined exercises, better-tailored subject matter exchange events, and additional high-level visitor exchanges.

¶8. (C) Defense sales have risen from near zero in 2004 to over \$2.2 billion already in 2009, with prospects for further increases. Despite this potential, the sale of military equipment and training through the Foreign Military Sales (FMS) process has been halted pending agreement on End Use Monitoring (EUM). At a time when our defense relationship is otherwise beginning to flourish, the lack of an EUM agreement has become an irritant. Should you have the opportunity, we

ask that you convey the message that EUM is a requirement of U.S. law, has been accepted by over eighty other countries, and will have to be accepted by India if it desires to procure the state-of-the-art technology we are willing to share with it.

Deliverables: Some Low-Hanging Fruit May Be Ripe for Picking

¶9. (SBU) One thrust of your visit will be to discuss the institutionalized dialogues that will form the pillars for our partnership in the coming years. During his visit, Under Secretary Burns exchanged views with the Indians who are undergoing a similar review, and we hope to have mutually agreed architecture in place by the time Secretary Clinton visits here in July. In addition to creating an architecture that will help take the bilateral relationship to the next level, there are other tangible issues ripe for resolving.

¶10. (SBU) Following the election, Post received clear signals from contacts at the Ministry of External Affairs, the Ministry of Defense, and through the media that India is ready to move forward on a few agreements which have been pending longer than anyone would have expected. Acceptable End-Use Monitoring (EUM) language is at the top of that list, and the Indians seem intent on finding a resolution that meets India's political concerns and DoD's legal requirements, perhaps as a deliverable for Secretary Clinton's visit. Working-level contacts at MoD suggest that the Communications Interoperability and Security Memorandum of Agreement (CISMOA) is also within reach, pending a review by the Cabinet Committee on Security. A third agreement, the Logistics Support Agreement, has also been brought up again by MoD contacts. We recommend you push for approval of all

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three agreements (technically the EUM language is not a "formal" agreement, but due to domestic political sensitivities will require Cabinet approval) to be concluded as early as possible, reiterating our points that these will clear the way for even more robust defense cooperation, something Prime Minister Singh has mentioned as a growth area for the relationship.

¶11. (SBU) We also continue to clear away obstacles to implementing the civil nuclear agreement. The Indian Cabinet and Parliament need to approve liability legislation to protect U.S. and other foreign companies, but once that is enacted we are hoping to have an announcement -- again, at or before the time of Secretary Clinton's visit -- of the designation of two nuclear park sites for U.S. companies.

¶12. (SBU) We appear to have reached agreement on the way forward for implementing a Technology Safeguards Agreement (TSA) that would also launch what we hope are expedited negotiations on a Commercial Space Launch Agreement (CSLA) as well as discussions on our satellite services markets. However, we are still awaiting approval by the GOI. Post recommends you push to have these agreements concluded in time to be included for signing during the Secretary's visit.

Counterterrorism Efforts

¶13. (SBU) Your visit immediately comes after the annual bilateral Counterterrorism Joint Working Group (CTJWG) meeting, which was held June 16 in Washington. There is considerable interest among U.S. agencies in increased cooperation in law enforcement training and financial counterterrorism. We will also encourage India to play a positive role in sub-regional cooperation efforts, particularly on border issues with Nepal and Bangladesh.

Your Meetings

¶14. (SBU) All signs indicate National Security Advisor Narayanan and the new Indian government are looking forward to receiving you and discussing regional security issues. Most of the senior officials we have requested should be available to meet with you: Prime Minister Singh, Home Affairs Minister P. Chidambaram, National Security Advisor Narayanan, Foreign Secretary Shiv Shankar Menon, and Leader of the Opposition L.K. Advani. External Affairs Minister Krishna will be out of the country when you visit.
BURLEIGH